

EX PARTE OR LATE FILED



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January 14, 1997

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Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: EX PARTE in Application of Ameritech Michigan to Provide
In-Region InterLATA Services in the State of Michigan
(CC Docket No. 97-1)

Dear Mr. Caton:

On January 13, 1997, Gerry Salemme and I of AT&T; along with Jonathan Sallet, Mary Brown and Susan Jin Davis of MCI; Richard Fruchterman of WorldCom; Linda Oliver of Hogan & Hartson; Richard Metzger of ALTS; and Genny Morelli of CompTel met with, David Ellen, Carol Matthey, Gina Keeney, Richard Metzger and Melissa Waksman of the Common Carrier Bureau. Issues relating to Ameritech's compliance with the Section 271 checklist were discussed. At their request, a copy of AT&T's Reply Comments to Ameritech Michigan's December 16, 1996 Submission of Information related to compliance with the Competitive Checklist was provided by AT&T, to the Commission Staff present at the meeting. A copy of that document is attached.

Due to the late hour of the meeting, two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules on the following business day.

Sincerely,

A handwritten signature in cursive script, appearing to read "Betsy".

Attachment

CC: David Ellen
Regina Keeney
Carol Matthey
Richard Metzger
Melissa Waksman

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to consider Ameritech Michigan's compliance)	Case No. U-11104
with the competitive checklist in Section 271)	
of the Telecommunications Act of 1996.)	
_____)	

**AT&T'S REPLY COMMENTS TO AMERITECH MICHIGAN'S
DECEMBER 16, 1996 SUBMISSION OF INFORMATION
RELATED TO COMPLIANCE WITH THE COMPETITIVE CHECKLIST**

Ameritech has met its stated goal of being first to file a Section 271 application under the Telecommunications Act of 1996. On January 2, 1997 -- less than 10 days after it made its final submission of 271 information to this Commission -- Ameritech was the first RBOC to request FCC authorization to provide in-region interLATA service. But Ameritech's breathless pursuit of long-distance market entry cannot compensate for its failure to show that its request should be granted. The evidence in this record will show Ameritech is not yet furnishing non-discriminatory access and interconnection as required by the competitive checklist found in Section 271 and is not yet prepared to do so. Absent compliance with these items, Ameritech's local exchange bottleneck -- which currently precludes customer choices in Michigan -- cannot be opened to meaningful competition. Indeed, the extremely limited amount of competitive activity in Michigan today precludes a favorable recommendation by the Commission that approval of the application would be in the public interest.

As a closer examination of Ameritech's submission reveals, Ameritech's alleged compliance consists largely of paper promises of interconnection -- promises that have yet to be implemented or tested in the competitive marketplace. It is unclear whether even these promises will have any lasting significance, particularly given Ameritech's appeal of many aspects of the FCC's First Report and Order. Indeed, in light of the uncertainty raised by Ameritech's appeal of a host of pricing and other issues, there can be no certainty that the specific Ameritech proposals supposedly supporting this application will ever be implemented.

In an effort perhaps to side-step its shortcomings, Ameritech has truncated the amount of time available to evaluate its application. By filing with the FCC even before the MPSC's mandated response period in this docket had expired, Ameritech has made it difficult, if not impossible, for the Commission and the parties here to give careful consideration to the hundreds of pages of testimony that Ameritech's submission will no doubt elicit. Cognizant of these constraints, AT&T has not attempted through this submission to comprehensively catalog the failings evident in Ameritech's January 2 application. Instead, AT&T's submission is limited.¹ Nonetheless, this Commission should not recommend approval of Ameritech's application because of the significant shortcomings detailed in AT&T's limited submission, a few of whose points are summarized below.

OPERATIONS SUPPORT SYSTEMS

Ameritech has yet to fulfill the checklist requirement to provide nondiscriminatory (i.e., at parity with Ameritech's retail operations) access to operations support systems ("OSS") for

¹ AT&T reserves the right to supplement its filing as permitted by the Commission's procedural order in this docket.

pre-ordering, provisioning, maintenance and repair, and billing. The OSS process, which begins with the development of interface specifications, can be deemed complete only after a period of meaningful integration testing, i.e., testing that conclusively demonstrates that the CLEC system can effectively communicate with the Ameritech system for the purpose of processing transactions in the volumes that will be required in the marketplace, and with the same performance levels Ameritech provides internally. It is not until there is a proven ability to effectively and efficiently communicate, from end-to-end, that a system can be said to be in a state of operational readiness. Such systems do not now exist in Michigan.

Resale: First, Ameritech continues to revise its specifications for a variety of its resale interfaces. Until the specifications have been stabilized, the interfaces cannot be tested sufficiently, and certainly cannot be considered operational.² Second, because the specifications are continually changing, not all of the resale interfaces are currently being tested by Ameritech and AT&T, and testing has not been completed on any of the resale interfaces. Of the small volume of resale orders involved in testing since October 1996, less than a quarter have been successfully completed via the automatic processing channels of the electronic systems without "falling out" to manual processing. Further, the type of orders tested thus far did not include the complex ones that will be required to meet customer demand. And other interfaces have even less testing experience to support Ameritech's claims. These results conclusively demonstrate that these systems are not operationally ready to support competitive activities.

² In response to specific AT&T questions to Ameritech regarding the resale ordering specifications in December, Ameritech promised to provide revised specifications in the first week of January. As of today, those revised specifications have not been provided.

Unbundled Network Elements: Ameritech has done little to fulfill its obligations to provide "parity-level" OSS interfaces for use with the unbundled platform or other UNEs. Ameritech has provided some pre-ordering specifications that it alleges can be used for unbundled elements as well as resale. That assertion remains untested and unverified. Ameritech has also provided some ordering specifications for isolated unbundled network elements, but there are no specifications for ordering, provisioning, maintenance or billing of Unbundled Network Element (UNE) combinations or the UNE platform.³ Moreover, there has been no testing of any electronic interface relating to unbundled elements. Ameritech purports to offer the "implemented" unbundled platform as one of the available vehicles for CLEC entry into the local market. But due to the lack of any operational interfaces for the unbundled platform, this avenue to competition currently is simply unavailable.

Unproven Capacity: Ameritech's OSS electronic interfaces have never been tested with a competitively significant volume by any CLECs. This alone raises questions regarding whether non-discriminatory access is truly available.

COST-BASED PRICES

Ameritech states that prices, or the methodology for establishing prices, for all checklist items have been established either by Commission Order, in contracts or in tariffs. What Ameritech fails to mention is that, in three tariff proceedings and in all arbitration proceedings thus far, the MPSC has rejected Ameritech's cost studies as not being in compliance with the

³ The first technical meeting between Ameritech and AT&T on the pre-ordering, ordering, and provisioning interfaces for unbundled elements took place on December 20, 1996. There was no agreement on specifications or dates for publishing specifications.

appropriate forward looking, incremental cost principles and methodology of the Act. In its most recent Order on the subject, the Commission allowed Ameritech's tariffs to go into effect only on an interim basis until more extensive cost proceedings could be completed. Thus, in all respects, the rates for unbundled elements, local traffic termination, interim number portability, and wholesale services contained in tariffs and arbitrated interconnection agreements are interim and provisional, at best. Notably, Ameritech has appealed the MPSC's decision to use cost studies to prevent cross-subsidization, as well as the FCC's rules concerning costing and pricing under the Act.

THE UNBUNDLED SWITCH AND UNBUNDLED PLATFORM

Ameritech seeks to impose several plainly unlawful restrictions on the use of the unbundled local switch ("ULS") and the unbundled platform, including restrictions on the right of the purchaser of the ULS to charge for terminating access. These restrictions stand in stark contrast to the FCC's conclusion that purchasers of the ULS are entitled to all exchange and exchange access revenues, including termination charges. Similarly, Ameritech has refused to provide the necessary billing information to permit a CLEC to bill for terminating access charges. Ameritech also seeks to deny the purchaser of the ULS element the right to provide originating and terminating access for 800 service calls.

CUSTOMIZED ROUTING OF OPERATOR SERVICES/DIRECTORY ASSISTANCE

Ameritech seeks to undermine competition utilizing the unbundled switch and the network elements by requiring purchasers of those elements to use the Bona Fide Request (BFR) process to obtain customized routing of operator services and directory assistance calls.

Although the Michigan Commission observed that there may be issues of technical feasibility relating to the customized routing of OS/DA calls in certain circumstances, Ameritech has not established that, in general, customized routing is not technically feasible. To the contrary, the commitments of Bell Atlantic, NYNEX and Southwestern Bell to provide customized routing of OS/DA demonstrate that customized routing is technically feasible for almost all switches used in an RBOC network, including that of Ameritech.

UNBUNDLED TRANSPORT

Ameritech offers a distorted form of "shared" transport that is functionally the same as dedicated transport, and therefore superfluous and totally at odds with the concept of common transport that the Act and the FCC regulations require. This "shared" transport would require a CLEC to purchase dedicated transport and then arrange with other new entrants to share the facilities, in essence transforming the CLEC into a reseller of unbundled transport services. This version of transport would preclude competition based on the unbundled switch or unbundled platform, and force purchase of Ameritech's high-cost alternative "retail" services, thus unreasonably and unlawfully constraining potential competition.

ROUTE INDEXING AS INTERIM NUMBER PORTABILITY OPTION

Ameritech has refused to provide route indexing as an interim number portability option, notwithstanding the fact that route indexing is technically feasible and has been voluntarily provided by at least two RBOCs and ordered to be provided by at least three state commissions.

* * * * *

SUPPORTING AFFIDAVITS

In support of these points, and to document other defects and raise other issues critical to the Commission's consideration of Ameritech's submission, AT&T is submitting the following affidavits:

-- Affidavit of John P. Puljung. Mr. Puljung broadly discusses the reasons why Ameritech's application is premature. Mr. Puljung set forth certain standards that should apply to the Section 271 process and discusses the need for operational testing of the interfaces and other procedures that are established for opening the local exchange at competitively significant volumes;

-- Affidavit of Timothy Connolly. Mr. Connolly describes the status of development, testing and implementation of OSS interfaces and the significant actions that still must occur before those interfaces can be considered operationally ready;

-- Affidavit of C. Michael Pfau. Mr. Pfau describes Ameritech's failure to provide nondiscriminatory access to OSS interfaces and the measurements that should be used to determine whether the access provided is nondiscriminatory;

-- Affidavit of Robert Sherry. Mr. Sherry describes the significant shortcomings in Ameritech's unbundled switching element, the unbundled platform, customized routing of

operator services and directory assistance, and Ameritech's distorted proposal for interoffice transport;

-- Affidavit of Judith D. Evans. Ms. Evans describes Ameritech's failure to offer route indexing as an interim number portability option. Ms. Evans also discusses non-discriminatory access to directory listings and dialing parity;

-- Affidavit of William G. Lester. Mr. Lester discusses the many unresolved issues relating to Ameritech's obligations with respect to non-discriminatory access to poles, ducts, conduits and rights-of-way.

-- Affidavit of Michael Starkey. Mr. Starkey discusses the lack of meaningful competition in the local exchange market in Michigan;

These affidavits demonstrate that Ameritech has not satisfied the competitive checklist of Section 271 in that there has been little or no implementation of Ameritech's many promises. Ameritech has yet to provide the full range of resale, interconnection and unbundled elements that it is obligated to make available and operational under the Act. Until further steps are taken to resolve many legal, logistical, systems, and implementation issues associated with the dismantling of Ameritech's century-old monopoly bottleneck, there can be no determination that Ameritech has fully implemented the competitive checklist obligations of Section 271.

The rarity of a Michigan customer with a choice of local service providers today is itself the measure of how far Ameritech has to go to satisfy the requirements of the Act. The Commission should recommend to the FCC that this Ameritech application be denied.

Dated: January 9, 1997

Respectfully submitted,

**AT&T COMMUNICATIONS OF
MICHIGAN, INC.**

By: _____
One of Its Attorneys

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